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DCI/WORLD WIDE BRIEFING

Whither Iran

1. A successful challenge to the regime seems unlikely as long as Khomeini lives. The longer he survives--and we see no marked deterioration in his health--the more the ruling clerics will be able to institutionalize their power.

-- They retain the support of the lower class--the overwhelming majority of Iranians--and have taken care to try to meet the needs of this core constituency.

-- Moreover, the regime has brutally repressed internal opposition forces, most notably the Mujahedin. Although the dissidents can still carry out isolated assassinations, they are no longer a threat to the regime.

-- The military has been "Islamified." Both the army and the Revolutionary Guard appear loyal to the regime.

2. The government has begun to grapple with the economy.

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- By discounting the price of its oil, Iran will bring in around \$18 billion in oil revenue this year--\$6 billion more than in 1981--and end up with a current account surplus of at least \$4.5 billion for 1982. Oil production is nearly 3 million b/d, in contrast to about 1 million b/d a year ago.
  - The regime also is instituting long range central planning. Inter-ministerial councils coordinate economic policy and a five-year development plan has been produced.
  - Iran still suffers shortages of food, consumer goods, and urban housing, but distribution of these necessities, through the system of mosques, is sufficient to provide adequately for the lower classes.
3. The ruling clerics are divided on a number of issues and by personal rivalries. These divisions could become a source of instability after Khomeini's death.
- Issues that divide the clerics are important and include: succession to Khomeini, land reform, economic planning, nationalization of foreign trade, the war, export of the revolution, and strict adherence to Islamic law.

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- The differences among the clerics on these issues, however, appear to be over how rather than whether to implement the programs.
- Moreover, political maneuvering further complicates the picture. A cleric, for example, who advocates extensive land reform may oppose other equally "extreme" measures, such as active export of the revolution. Loose alliances form and reform, depending on issues.

4. Succession remains the key political test.

- On 10 December, an 83-man Assembly of Experts was elected, including the most senior clerics and top government leaders.
- The Assembly can choose either a single successor or a council of three or five clerics. Given the lack of consensus, a council seems the more likely choice.
- Real political power, however, will continue in the hands of those who hold the government positions and control the religious institutions.

5. No matter who eventually emerges on top, we expect continuing public hostility to the US and efforts to achieve hegemony in the Persian Gulf to be hallmarks of Iranian foreign policy.

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- The clerics provide financial and material support and guerrilla training to Arab dissidents from throughout the Gulf region. At the same time, Tehran holds out the prospect of better relations with the smaller Gulf states if they accommodate themselves to Iran.
  - Khomeini's hatred for Iraqi President Saddam Hussein will continue to impel Iran to seek his replacement by an Islamic oriented government.
  - At the same time, the clerics appear willing to deal economically with the West and to draw closer to Muslim states such as Pakistan and Turkey.
6. Soviet-Iranian relations continue to be troubled and are unlikely to improve significantly in the near term.
- The clerics oppose Communist ideology and suspect Moscow's intentions.
  - Soviet-Iranian relations are strained by the Soviet presence in Afghanistan, the Iran-Iraq war (including large-scale Soviet resupply of Iraq's armed forces), and by Tehran's crackdown on the local Communist party, the Tudeh.